



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Childrens' Health Program Group
Division of Integrated Health Systems
7500 Security Boulevard
Baltimore, MD 21244-1850

DEC 8 1999

Peggy L. Bartels
Administrator
State of Wisconsin
Department of Health and Family Services
1 West Wilson Street
P.O. Box 309
Madison, WI 53701-0309

Dear Ms. Bartels:

We are pleased to have received the State of Wisconsin's proposal for a section 1115 demonstration to provide family planning services to its residents. The proposal has been reviewed by a team of staff members from HCFA and the Department of Health and Human Services.

The review team has identified issues which need further clarification. Please provide written responses to the questions outlined in Attachment A. In addition, we have provided for your review a sample set of terms and conditions from a previously approved family planning demonstration in Attachment C. Upon receipt of this letter, at your convenience, Michelle Browne, your project officer, would be happy to arrange a conference call to discuss the questions enclosed in this letter.

Please be assured that we are committed to working with you to resolve outstanding issues to our mutual satisfaction. If at anytime your staff has any questions, Michelle Browne, is available to assist them and can be reached at (410)786-3233.

Sincerely,

Mike Fiore
Director

cc: Pamela Carson, Chicago Regional Office
Mary Laughlin, State of Wisconsin

ATTACHMENT A

BUDGET NEUTRALITY

(1) In general budget neutrality in family planning demonstration is monitored through a pre-post comparison of fertility rates. After approval, base-year fertility rates are submitted. During the demonstration period, fertility rates are compared to the base year rates. If the demonstration does not reduce fertility rates to a level that compensates for the cost of providing family planning services, the demonstration is not budget neutral. If the demonstration is not budget neutral, the State is responsible for the cost of the demonstration that was not offset by cost savings achieved through a reduction in fertility rates.

(2) We have developed a format for reporting budget projections with and without the waiver that has been in several Family Planning Demonstration proposals. Please provide the budget projection using the format (see Attachment B). An electronic version of the attached spreadsheets is being provided to the State via e-mail.

To facilitate the completion of Attachment B, we have identified two concerns:

- Since the target population excludes Badger Care, CHIP and Healthy Start eligibles, the with and without waiver budget should not include these population groups.
- When you provide the requested budget projection, our standard model only consider cost savings from birth and first year of life (as permitted in the example agreement, cost savings from the second year of disabled infants may be considered), however additional year of life may be considered with appropriate justification. If you plan to include cost savings beyond the first year of life in the calculation, please provide a justification.

FINANCIAL/SERVICES

(1) Please explain your plans for claiming FFP for administrative activities associated with this waiver. FFP for administrative activities associated with family planning services is available at the 50 percent matching rate. FFP at the 90 percent rate is limited to expenses associated with providers offering, arranging AND furnishing family planning services as specified in section 1903(a)(5) of the Social Security Act.

(2) Please explain the use of transportation services for women in this demonstration.

(3) The proposal included a lengthy list of services that will be provided to enrollees in the demonstration. We would like to engage in a more detailed discussion regarding the services to be provided under this waiver and the associated matching rates. In general, FFP for services (including prescriptions) provided under this demonstration will be available at the following rates:

(a) For services whose primary purpose is family planning (determining family size) and which are provided in a family planning setting, FFP will be available at the 90 percent matching rate. Procedure codes for office visits, laboratory and other tests and procedures must carry a diagnosis code that specifically identifies them as a family planning service. Procedures and services eligible for the 90 percent match are described in HCFA's 9/8/97 guidance.

(b) For medical diagnosis or treatment services that are provided ancillary to a family planning service in a family planning setting, such as follow-up diagnostic tests and treatment for such things as sexually transmitted infections (STIs) and which carry a diagnosis code which indicated that they are related to a family planning service, FFP will be available at the FMAP rate. "Family planning setting" excludes inpatient hospital.

(c) FFP will not be available for the costs of any services, items or procedures that do not meet the requirements specified above, even if they are provided by family planning clinics or providers. For example, in the instance of testing for STI as part of a family planning visit, the match rate would be 90 percent. The match rate for the subsequent treatment would be the regular FMAP rate. For testing or treatment not associated with a family planning visit, no match would be available.

CONFIDENTIALITY

(1) What are the current confidentiality protections afforded to Medicaid beneficiaries?

(2) How do confidentiality protections apply to minors?

ELIGIBILITY/ PRESUMPTIVE ELIGIBILITY

(1) The proposal indicates that eligibility would be determined presumptively and through the regular Medicaid eligibility process. We are particularly interested in the presumptive eligibility feature of the program. Please provide a detailed description of the presumptive eligibility process. Discuss which providers will be utilizing presumptive eligibility and whether a negative pregnancy is the only mechanism to access the presumptive eligibility process. **We would like the process to be as similar to the presumptive eligibility process in the regular Medicaid program (see Section 1920 of the Social Security Act).**

(2) Will women applying for State health or welfare programs, other than the waiver, also be evaluated for eligibility for the waiver (page 12)? Describe the process to coordinate applications and referrals.

(3) How soon will the state's planned expansion of out stationed eligibility workers be completed?

(4) Will females under 19 otherwise eligible but not enrolled in CHIP or BadgerCare be eligible for this demonstration?

(5) Will women with other third party insurance be eligible for the demonstration? If so, will the demonstration or the third party health insurance be the primary payor?

(6) How will all of the family planning activities in the State be coordinated to carry out this waiver? Will the Department of Health and Family Services coordinate these activities with Title V, Title X, the Early Identification of Pregnancy Program, Brighter Futures, Wisconsin Family Planning and Reproductive Health Association, and the state medical society?

EVALUATION

(1) The initial evaluation plan as presented in this proposal is not acceptable. It is important that the State realizes that this demonstration must be evaluated independently of other initiatives occurring in the State. The evaluation must be designed in a manner to attempt to assess the impact of the demonstration. Furthermore, the hypotheses for the evaluation should be limited to those which can be reasonably expected to be affected by the demonstration. HCFA typically allow States to submit an evaluation design report after approval. In the mean time, the review team has the following concerns and suggestions:

(a) Who will conduct the evaluation and what are the evaluators' qualifications?

(b) Could the proportion of women be measured as opposed to the number of women? This change would account for any shifts in the denominator population that could effect the interpretation of the results.

(c) For hypothesis 1, can a distinction be made between those women receiving family planning services through the regular Medicaid program and those receiving services through the waiver?

(d) For hypothesis 2, can distinction be made between women receiving family planning services through the demonstration and through regular Medicaid?

(e) For hypothesis 3, would it be possible to look at any birth in the last two years rather than just those paid by Healthy Start?

(f) For hypothesis 4, what is the baseline for the expected decrease in births?

OUTREACH:

(1) Please provide an outreach and education plan. The proposal seems to rely on other family planning initiatives. While other family planning initiatives in the State can be used for outreach, the State should dedicate outreach and marketing initiative for this proposed program. (e.g., billboards, community health fairs, brochures, etc.).

PROVIDER NETWORK/TRAINING

- (1)Has the State completed an assessment of the provider capacity to ensure access for the demonstration population? How many providers currently provides family planing services? How will the State continue to ensure that provider capacity will be adequate to meet the demand for service? Please provide a description of the providers that will participate in the demonstration.
- (2)Please describe the process for training current and newly recruited providers and who will conduct the training?
- (3)How frequently does the State anticipate to conduct provider training?
- (4)Is the deliverance of culturally competent care a component of the training?

TARGET POPULATION

- (1)Please explain why the State is only targeting women 15-44 rather than all women of childbearing age?
- (2)Please clarify the methodology for determining the target population. On the one hand, Wisconsin estimates that 47,000 women will be “potential eligibles” (Page 11) while on the other hand, in Appendix C, there are 133,030 women between 20-44 under 185% of poverty. Some portion of the 133,030 will continue to be served by the Wisconsin Family Planning Program, but the portion might be different than 51% since presumably some of the women eligible for the waiver were served by the Wisconsin Family Planning Program. Please explain why the State assumes that participants in this family planning program will participate at the same rate as participants in the regular Medicaid program.
- (3)Since the Alan Guttmacher Institute estimates (Appendix C) of women in need of publicly supported family planning services includes women 13-14, can Wisconsin adjust this estimate for the 13-14 year olds not targeted for the waiver?
- (4)Please provide a table including projections of women (numbers/proportions) eligible for each of the family planning programs (e.g. Wisconsin Family Planning Program, the waiver demonstration, regular Medicaid, BadgerCare, Title V, and Title X) and how these will change over the lifetime of waiver.

ADMINISTRATIVE/QUALITY ASSURANCE

- (1)What quality assurance activities will the State conduct to ensure that enrolled beneficiaries are provided with quality services.
- (2)Who or which department will be responsible for monitoring quality assurance activities in the State.
- (3)Please be aware that HCFA approves Family Planning Demonstration for a period of 5 years. Upon approval, a phase out plan will be required as part of the terms and condition for this demonstration.

All Costs		1999	2000	2001	2002	2003	TOTAL
WITHOUT WAIVER							
BASIC FP SERVS -- All current eligibles							
Persons		0	0	0	0	0	0
Per Capita	\$	0.10	.06	.22	1.28	1.34	6
Total	\$	-	-	-	-	-	-
DELIVERIES							
Persons		0	0	0	0	0	0
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	6
Total	\$	-	-	-	-	-	-
FIRST YEAR COSTS							
Persons		0	0	0	0	0	0
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	-
Total	\$	-	-	-	-	-	-
TOTAL WITHOUT-WAIVER COSTS							
	\$	-	-	-	-	-	-
WITH WAIVER							
BASIC FP SERVS							
Persons		0	0	0	0	0	-
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	-
Total	\$	-	-	-	-	-	-
DELIVERIES							
Persons		0	0	0	0	0	-
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	-
Total	\$	-	-	-	-	-	-
FIRST YEAR COSTS							
Persons		0	0	0	0	0	-
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	-
Total	\$	-	-	-	-	-	-
EXPANDED FP							
Persons		0	0	0	0	0	-
Per Capita	\$	1.10	1.16	1.22	1.28	1.34	-
Total	\$	-	-	-	-	-	-
SYSTEMS CHANGES							
	\$	-	-	-	-	-	-
PUBLIC AWARENESS EVALUATION							
	\$	-	-	-	-	-	-
TOTAL WITH WAIVER COSTS							
	\$	-	-	-	-	-	-
DIFFERENCE							
	\$	-	-	-	-	-	-

FEDERAL COSTS

WITHOUT WAIVER

BASIC FP SERVS -- All current eligibles

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

DELIVERIES

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

FIRST YEAR COSTS

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

TOTAL WITHOUT-WAIVER COSTS

\$ - \$ - \$ - \$ - \$ - \$ -

WITH WAIVER

BASIC FP SERVS

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

DELIVERIES

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

FIRST YEAR COSTS

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

EXPANDED FP

Persons
Per Capita \$ - 1 \$ - 1 \$ - 1 \$ - 1 \$ -
Total \$ - \$ - \$ - \$ - \$ - \$ -

SYSTEMS CHANGES
PUBLIC AWARENESS
EVALUATION

\$ - \$ - \$ - \$ - \$ - \$ -
\$ - \$ - \$ - \$ - \$ - \$ -
\$ - \$ - \$ - \$ - \$ - \$ -

TOTAL WITH WAIVER COSTS

\$ - \$ - \$ - \$ - \$ - \$ -

DIFFERENCE

\$ - \$ - \$ - \$ - \$ - \$ -

REGULAR FMAP
FP FMAP =
PMPM COST TREND

50.00%
90.00%
5.00%

Health Care Financing Administration
Special Terms and Conditions

Awardee: Oregon Health Division
Title: Oregon Family Planning Expansion Project

Financial Issues

1. a. **All** requirements of the Medicaid program expressed in law not expressly waived or identified **as** not applicable in the award letter of which these terms and conditions are part, **will** apply to Oregon's Family Planning Expansion Project (OFPEP). **To** the extent the enforcement of such laws, regulations, and policy statements would have affected State spending without the demonstration in ways not explicitly anticipated in **this** agreement, HCFA **will** incorporate such effects into a modified budget limit for the OFPEP **1115** program. The modified budget limit would be effective **upon** enforcement of the law, regulation, or policy statement. HCFA will have **two** years **after** the determination of the **demonstration** award date to **notify** the State that it intends to **take** action. If the law, **regulation**, or policy statement cannot be linked specifically with program components that are or are not affected by the OFPEP **1115** demonstration (e.g., all disallowances involving provider taxes or donations), the effect of enforcement on the State's budget limit **will** be proportional to the **size** of the OFPEP **1115** demonstration in comparison to the State's entire Medicaid program (as measured in aggregate medical assistance payments).
- b. The State **will**, within the time specified in law, come into compliance with any changes in Federal law affecting the Medicaid programs that occur after the award date of the demonstration. **To** the extent that a change in Federal law, which does not exempt State section **1115** demonstrations, would affect State Medicaid spending without the demonstration, HCFA **will** incorporate such changes into a modified budget limit for the OFPEP **1115** demonstration. The modified budget limit will be effective upon implementation of the change in Federal law, **as** specified in law. If the new law cannot be linked specifically with program components that are or are not affected by the OFPEP **1115** demonstration (e.g., laws affecting sources of Medicaid funding), the State will submit its methodology to HCFA for complying with the change in law. If the methodology is consistent with Federal law and in accordance with Federal projections of

the budgetary effects of the new law in Oregon, HCFA would approve the methodology. Should HCFA and the State, working in good faith to ensure state flexibility, fail to develop within 90 days a methodology to revise the Without demonstration baseline that is consistent with Federal law and in accordance with Federal budgetary projections, a reduction in Federal payments will be made according to the method applied in non-demonstration States.

- c. The State may submit to HCFA a request for an amendment to the **OFPEP** demonstration to request exemption **from** changes in law occurring after **the** award date of the demonstration. The cost to the Federal government of such an amendment must be offset to ensure that total projected expenditures under a **modified OFPEP 1115** demonstration program do not exceed projected expenditures without the **OFPEP 1115** demonstration (assuming full compliance with the change in law).
 - d. Budget Neutrality Monitoring Procedures (See Attachment A).
2. The following financial reporting procedures must be adhered to:
- a. ~~To track~~ expenditures under **this** demonstration, Oregon will report net expenditures in the same manner **as** is done under the current Medicaid program. The State will provide quarterly expenditure reports using **the** form HCFA-64 to separately report expenditures for those receiving services under the Medicaid program and those participating in the demonstration. HCFA will provide Federal Financial Participation (FFP) **only** for allowable demonstration expenditures that do not exceed **the** predefined limits **as** specified in Attachment A. Demonstration participants include all individuals who obtain one or more family planning services through the demonstration.
 - b. Oregon will report demonstration expenditures through the Medicaid Budget Expenditure System (MBES), following routine HCFA-64 reporting instructions outlined in Section 2500 of the State Medicaid Manual. **In this** regard, demonstration expenditures ~~will~~ be differentiated **from** other Medicaid expenditures by identifying on forms HCFA-64.9 and/or 64.9p, the demonstration project number assigned by HCFA (including the project number extension, which indicate the demonstration year in which services were rendered). For monitoring purposes, cost settlements must be reported as line 7 or 10B adjustments as appropriate.
 - c. The Federal share for demonstration expenditures matched at the State's

regular match rate should be reported using column (B) of HCFA Form 64.9 and in column (D) for services eligible for the family planning match rate of **90** percent.

- d. **All** claims for Oregon's Family Planning Services provided during the demonstration period (including any cost settlements) must be made within two years after the calendar quarter in which the State made the expenditures. During the period following the conclusion or termination of the demonstration, the State must continue to separately identify demonstration expenditures using the procedures outlined above.
 - e. The State **will** provide to HCFA, on a quarterly basis, the number of eligible member/months for demonstration women whose income is below 170% FPL. This information should be provided to HCFA with the quarterly reports.
 - f. Administrative costs **will** not be included in budget neutrality, however, the State must separately track and report administrative costs attributable to **the** demonstration on the HCFA-64, form 64.10.
3. The standard Medicaid funding process **will** be used during the demonstration. The State must estimate matchable Oregon Medicaid demonstration expenditures on the quarterly form HCFA-37. The State must provide supplemental schedules that clearly distinguish between demonstration expenditure estimates (by major component) and non-demonstration Medicaid expenditure estimates. HCFA **will** make Federal funds available each quarter based upon the State's estimates, **as** approved by HCFA. Within 30 days after the end of each quarter, the State must submit the form HCFA-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. HCFA will reconcile expenditures reported on the Form HCFA-64 with Federal funding previously made available to the State for that quarter, and include the reconciling adjustment in a separate grant award to the State.
4. HCFA **will** provide FFP at the regular Federal matching rate for administrative costs associated with Oregon's Family Planning Services Demonstration in accordance with the approved State plan.
5. The State will certify State/local monies used as matching funds for demonstration purposes and **will** further certify that such funds will not be used as matching funds for any other Federal grant or contract, except as permitted by Federal law.
6. FFP at the 90 percent match will **only** be available for services allowable at the

enhanced rate. The State may only claim the regular match for some other family planning services (e.g., colposcopy and colposcopy with biopsy).

Administrative Issues

7. Outreach performed **by** the Medicaid agency or other entities under contract to the Medicaid agency will be claimed at the regular administrative match.
8. The awardee will develop and submit detailed plans to protect the confidentiality of all project-related information that identifies individuals. The plan must **specify** that such information is confidential and it may not be disclosed directly or indirectly except for purposes directly connected with the conduct of the project, and that written informed consent of the individual must be **obtained** for any disclosure. The plans shall be submitted within 60 days of award.
9. The awardee will submit narrative progress reports 30 days from the end of each quarter. The fourth quarterly report will summarize the preceding year's activity and serve **as** the **annual** report.
10. **Oregon**, should submit a draft **final** report to the HCFA project officer for comments. The awardee should consider HCFA's comments for incorporation into the **final** report. The **final** report is due 90 **days** after the end of the project.
11. The final report of the project may not be released or published without permission from the HCFA project officer **within** the first four months following the receipt of the report by the HCFA project officer. The final report will contain a disclaimer that the opinions expressed are those of the awardee and do not necessarily reflect the opinions of HCFA.
12. Oregon will notify the HCFA project officer before formal presentation of any report or statistical or analytical material based on information obtained **through this** cooperative agreement. Formal presentation includes papers, articles, professional publications, speeches, and testimony. During **this** research, whenever the principal investigator determines that a significant new **finding** has been developed, he or she **will** immediately communicate it to the HCFA project officer before formal dissemination to the general public.
13. The awardee will assume responsibility for the accuracy and completeness **of** the information contained in all technical documents and reports submitted. The HCFA project officer will not direct the interpretation of the data in preparing these documents and reports.

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14. HCFA may suspend or end any project in whole, or in part, anytime before the date of expiration, whenever it determines that the awardee has materially failed to comply with the terms of the project. HCFA will promptly notify the awardee in writing of the determination and the reasons for the suspension or termination, with the effective date. The budget neutrality test will be applied **on** the time period through termination without adjustment.
15. HCFA reserves the right to unilaterally terminate the demonstration and the accompanying federal matching authority if HCFA determines that continuing the demonstrations would no longer be in the public interest. If a family planning demonstration is terminated by HCFA, the State will be liable for cumulative costs under the demonstration that are in excess of the cumulative target expenditures specified in the Expenditure Review section of Attachment A for the demonstration year of withdrawal.
16. After waivers **are** granted, HCFA reserves the right to withdraw them if agreement cannot be reached on any item(s) cited in **this** document. The State **also** has the same right.
17. At any **phase** of the project, including at the project's conclusion, the awardee, if **so** requested by the project officer, must submit to HCFA analytic data file(s), with appropriate documentation, representing the data developed/used in end-product analyses generated under the award. The analytic file(s) may include primary data collected or generated under the award and/or data furnished by HCFA. The content, format, documentation, and schedule for production of the data file(s) will be agreed upon by the principal investigator and the HCFA project officer. The negotiated format(s) could include both file(s) that would be limited to HCFA internal use and file(s) that HCFA could make available to the general public.
18. At any phase of the project, including the project's conclusion, the awardee, if **so** requested by the project officer, must deliver any materials, systems, or other items developed, refined or enhanced during or under the award to HCFA. The awardee agrees that HCFA will have royalty-free, nonexclusive and irrevocable rights to reproduce, publish or otherwise use and authorize others **to** use the items for Federal Government purposes.
19. The awardee will cooperate fully with HCFA or the independent evaluator, selected by HCFA, to assess the impact of the Medicaid demonstrations. The awardee will submit the required data to the contractor or HCFA.

20. The State will submit a continuation application by August 1 of each year beginning in 1999,
21. Failure to operate the demonstration as approved and according to Federal and State statutes and regulations will result in withdrawal of waivers. The Federal statutes and regulations with which the State must comply in the operation of the demonstration include civil rights statutes and regulations that prohibit discrimination on the basis of race, color, national **origin**, disability, sex, age, and religion, including Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title II of the Americans with Disabilities Act, and the nondiscrimination provisions of the Omnibus Budget Reconciliation Act of 1980.
22. **An** evaluation design report must be submitted to HCFA for approval **within 60 days** of implementation. At **minimum** the evaluation design should include a detailed analysis plan that describes how the effects of the demonstration will be isolated from those other initiatives occurring in the State. The report should also include an integrated presentation and discussion of the specific hypotheses (including those that focus specifically on the target population for the demonstration) that are being tested; the outcome measures that will be used in evaluating the impact of the demonstration, particularly among the target population; and the **data sources** for assessing these outcomes.
23. A phase-out plan for the demonstration needs to be submitted for approval to HCFA within **60 days** of award.
24. Within twelve months after implementation, the State shall submit to HCFA for approval a plan to expand the provider network to include non-title X providers. The immediate goal of the plan will be to expand the provider network to meet the needs of clients in those areas that are not currently served by the existing network. The ultimate goal of the plan will be for clients to have the freedom to choose ~~from a~~ wide variety of providers. The plan ~~shall~~ assure that any provider meeting State standards for the provision of family planning services under the Medicaid program, who wants to serve clients under **this** demonstration, is allowed to be a provider of services. The plan can stipulate that the providers must be capable of providing or making a referral for the provision of the comprehensive benefit package available under the demonstration. The plan shall not contain any requirements that only title X providers could meet. The plan should **also** describe the State's activities to educate and train the non-title X providers about **the** program.

25. A detailed beneficiary and Title X provider education and outreach plan needs to be submitted to **HCFA** for approval 60 days prior to implementation. At a minimum, the plan should describe efforts to inform eligible women, men and teens (especially those who are not already in contact with Title X providers) about the availability of **and** how to apply for extended coverage of family planning services. It should **also** describe activities to educate and ~~train~~ the Title X providers about the program.
26. Within 30 days from award, the State shall submit a detailed implementation schedule.
27. Eligibility for the family planning project will not preclude eligibility for the State's Title XXI program.

Monitoring Budget Neutrality For The Oregon Family Planning Expansion Project

Following is the method by which budget neutrality will be monitored for Oregon's Family Planning Expansion Project.

Oregon **will** be subject to a limit on the amount of Federal Title **XIX** funding it will receive for extending Medicaid eligibility for family planning services during the demonstration period. **This** limit will be determined using a pre-post comparison of fertility rates for demonstration participants. Thus, Oregon will be at risk for the cost of family planning services that are not offset by the demonstration intervention, which **aims** to reduce unplanned and mistimed births among women in families whose income is up to **185** percent of the Federal poverty level and who have received a pregnancy-related service paid for by Medicaid. The demonstration will not change the current division of Federal and **State** responsibility for costs of the current Medicaid program that are not related to family planning expenditures. HCFA **will confirm** that **the** demonstration expenditures do not exceed the levels that would have been realized had there been no demonstration.

Annual Budget Limits

To calculate the overall expenditure limit for the demonstration, separate budget limits will be calculated for each year, which will be on a Demonstration Year (DY) basis. These **annual** estimates will then be added to obtain **an** expenditure estimate over the entire demonstration period. The Federal share of the estimate will represent the **maximum** amount of Federal Financial Participation (FFP) that the State can receive during the expanded family planning services demonstration. For each DY, the Federal share will be calculated using the Federal Medical Assistance Percentage (FMAP) rate(s) for that 12 month period.

The intent of the demonstration is to avert unplanned or mistimed pregnancies to offset the cost of family planning services for demonstration participants. During each year of the demonstration, the number of births averted (BA) will be estimated by the following equation:

$BA = (\text{base year fertility rate} - \text{fertility rate of demonstration participants during DY}) \times (\text{Number of demonstration women whose income is below } 170\% \text{ FPL during DY}),$

where fertility rates will be measured per thousand. The base year fertility rate will be age adjusted, using the age distribution of the actual demonstration participants and predetermined age-specific fertility rates. Participants include all women who obtain one or more family planning service(s) through the demonstration.

The average cost of a birth (BC) during each year of the demonstration **will** be the following:

$BC = (\text{cost of prenatal services} + \text{delivery and pregnancy related costs} + \text{first year of life cost of infants}) / \text{number of deliveries},$

where the costs and number of deliveries are for Oregon's Medicaid program.

The annual budget limit will be the savings that are calculated by multiplying the number of births averted by the average cost of a birth.

Base-Year Fertility Rate

The State will submit to HCFA base-year age-specific fertility rates, which shall include births and unfulfilled pregnancies. The base-year fertility rates and the adjustments for unfulfilled pregnancies will be subject to the approval of the Project Officer. The base-year fertility rates must be submitted prior to starting operations under the demonstration and conform to the following requirements:

- a. They must reflect fertility rates and **unfulfilled** pregnancies during State Fiscal Year 1998 for women **in** families with income up to **170** percent of the Federal poverty level and ineligible for Medicaid except for pregnancy.
- b. They must be age-specific rates for all potential demonstration participants in **5** year increments.
- c. The fertility rates will include births paid for by Medicaid and estimates of unfulfilled pregnancies.

Following the conclusion of each year of the demonstration, a base year fertility rate will be determined by summing the age specific rates using the age distribution of the demonstration participants during that DY to weight the age specific fertility rates, unless

the State demonstrates that the age distribution is consistent with prior demonstration year(s). The annual age distribution categories will correspond with the base-year age-specific fertility rates.

How the Budget Limit ~~will~~ Be Applied

The budget limit calculated above will apply to expanded family planning services expenditures, as reported by the State on the HCFA **64s**. If at the end of the demonstration period, the costs of the expanded family planning services exceed the budget limit, the excess Federal funds will be returned to HCFA.

Expenditure Review

HCFA will enforce budget neutrality over the life of the demonstration, rather than annually. However, no later ~~than~~ **six** months after the end of each demonstration year, the State will calculate **annual** expenditure targets for the completed year. **This amount will** be compared ~~with~~ the actual claimed FFP for Medicaid. **Using** the schedule below **as** a guide, if the State exceeds these **targets** they will submit a corrective action plan to HCFA for approval. The State will subsequently implement the approved program.

<u>Year</u>	<u>Cumulative</u> Target Expenditures	<u>Percentage</u>
Year 1	Year 1 budget limit	+16 percent
Year 2	Years 1 and 2 combined budget limit	+8 percent
Year 3	Years 1 through 3 combined budget limit	+4 percent
Year 4	Years 1 through 4 combined budget limit	+2 percent
Year 5	Years 1 through 5 combined budget limit	0 percent